

NEW JERSEY OFFICE OF THE INSPECTOR GENERAL

Mary Jane Cooper, Inspector General

For Immediate Release:
April 21, 2005

For Further Information:
Vincent Funelas (609) 292-8820

Inspector General Moves Forward on SCC Probe

Mary Jane Cooper Issues Initial Findings Report

TRENTON – Charged with seeking out waste and mismanagement in government spending, Inspector General Mary Jane Cooper issued a report of initial findings today stemming from the Office of the Inspector General's (OIG) review of the New Jersey Schools Construction Corporation (SCC).

In the report, Inspector General Cooper identified two primary areas in need of immediate improvement – weak internal management and financial controls and lax and/or nonexistent oversight and accountability. Cooper recommended that new school construction projects can move forward following the immediate implementation of a series of emergent recommendations listed in the report.

“The recommendations outlined in the initial findings report are necessary to ensure that the construction or renovation of schools in the state is completed in the most cost-effective manner,” Inspector General Cooper said. “While just in the early stages of carrying out our review, we have cited several ways to protect taxpayer dollars. We hope that this progress demonstrates to the people of New Jersey that the Office of the Inspector General is working hard to ensure accountability and integrity in the use of state funds.”

Inspector General Cooper's findings and recommendations are a result of Acting Governor Richard J. Codey's request to conduct a review of the SCC to determine whether the previously dispensed portion of their \$8.6 billion funding was spent in an efficient and appropriate manner. The OIG will continue its review of the SCC, examining prior and ongoing projects to identify additional opportunities for the SCC to recover funds and effectively use remaining resources.

Some key recommendations from the report include:

- **Hire** a Chief Financial Officer/Controller from outside the SCC;
- **Implement** adequate financial controls;

- More -

- **Increase** the role of the Internal Auditor;

- **Strengthen** the SCC Board of Directors (Board) with the appointment of a minimum of two public members who have strong financial backgrounds and no personal interest in the education community or construction industry;
- **Establish and Enforce** procedures that require all Board meeting agenda items and supporting materials to be submitted to Board members in a clear and meaningful format at least one week prior to scheduled meetings to allow adequate time for review prior to any formal discussion and action;
- **Eliminate** SCC management's single signature authority on large sum contracts, change orders and checks to ensure the integrity of the procurement process;
- **Discontinue** SCC staff bonuses or any other emoluments beyond the standard salary and benefit structure that applies to all other public employees;
- **Amend** architectural contracts so that designs become property of SCC and can be re-used as prototypes for multiple projects;
- **Cease** duplication of efforts by Project Management Firms (PMFs), architects, and other outside contractors;
- **Eliminate** potential conflicts of interest by prohibiting PMFs from acting as prime contractors or subcontractors on any SCC project;
- **Scale** back PMF responsibilities with the goal of replacing PMFs with qualified SCC construction managers;
- **Temporary Suspension** of land acquisition pending SCC establishment of guidelines for the selection of property suitable for school construction.

*An electronic version of the report will be available on the
New Jersey web site after noon today.*

###